



USAID
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AFGHANISTAN

SNAPSHOT

A Sweet Proposition

USAID provides credit to progressive entrepreneurs



Photo: USAID/ACE Project

Season Honey is one of over 15,000 borrowers from 28 of the 34 provinces of Afghanistan that is benefiting from the Agricultural Credit Enhancement Project.

Season Honey, a company based in Nangarhar province, prides itself on supplying 100 percent pure, high quality honey, while providing earning opportunities to hundreds of rural households. While still a modest operation, Season Honey now competes in quality and price with Indian, Iranian and Turkish companies, which also supply the Afghan market.

Through USAID-funded Agricultural Credit Enhancement (ACE) Project, Season Honey received a \$100,000 loan, allowing the company to procure an *additional* 33,000 kilograms of raw honey, increase the company's production by 125%, and benefiting approximately 300 beekeepers from eastern Afghanistan.

With ACE technical support, the company has developed a two pronged marketing strategy to increase access to regional markets, e.g. Balkh, Herat and Kabul provinces, while progressively explore the international ones.

Season Honey is one of over 15,000 borrowers from 28 of the 34 provinces of Afghanistan that is benefiting from the Agricultural Credit provided by USAID.

USAID's Agricultural Credit Project takes into account Afghanistan's cultural sensibilities about loans because payment of interest is prohibited by Islam. To manage this issue, USAID developed a series of Islamic financial products that are based on murabaha principles, which means the money is given with an honest upfront declaration of cost, making the farm loans compliant with shariah.

Agricultural credit is one of several mechanisms that USAID is using to modernize Afghan agriculture and build market mechanisms that promote rural economic growth. The Agricultural Credit Enhancement scheme supports the Afghan government's Agricultural Development Fund, which was established with a \$100-million grant from USAID in July 2010.